

ALASKA STATE LEGISLATURE
SENATE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE

February 12, 2009

3:33 p.m.

MEMBERS PRESENT

Senator Donald Olson, Chair
Senator Joe Thomas, Vice Chair
Senator Hollis French
Senator Linda Menard

MEMBERS ABSENT

Senator Albert Kookesh

COMMITTEE CALENDAR

SENATE BILL NO. 93

"An Act relating to a municipal property tax credit for an improvement that aids in improving air quality."

MOVED SB 93 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 93

SHORT TITLE: MUNICIPAL AIR QUALITY PROPERTY TAX CREDIT

SPONSOR(S): SENATOR(S) PASKVAN

02/04/09	(S)	READ THE FIRST TIME - REFERRALS
02/04/09	(S)	CRA, FIN
02/10/09	(S)	CRA AT 3:30 PM BELTZ 211
02/10/09	(S)	Heard & Held
02/10/09	(S)	MINUTE(CRA)
02/12/09	(S)	CRA AT 3:30 PM BELTZ 211

WITNESS REGISTER

SENATOR JOE PASKVAN
Alaska State Legislature
Juneau, AK

POSITION STATEMENT: Sponsor of SB 93.

NADINE WINTERS, Presiding Officer
Fairbanks North Star Borough
Fairbanks, Alaska

POSITION STATEMENT: Responded to questions related to SB 93.

ACTION NARRATIVE

[3:33:43 PM](#)

CHAIR DONALD OLSON called the Senate Community and Regional Affairs Standing Committee meeting to order at 3:33 p.m. Present at the call to order were Senators Menard, French, Thomas and Olson.

SB 93-MUNICIPAL AIR QUALITY PROPERTY TAX CREDIT

[3:34:06 PM](#)

CHAIR OLSON announced the consideration of SB 93.

SENATOR PASKVAN, Sponsor of SB 93, said the bill is designed to give municipalities a tool to improve air quality and meet the PM 2.5 EPA standard. The consequences for non-compliance are very negative. He deferred questions to Nadine Winters about the Fairbanks North Star Borough's assessment of the affordability of potentially granting tax credits. There has been discussion about potentially losing Eielson Air Force Base for non-compliance and he's heard about losing a brigade at Fort Wainwright. Clearly the financial consequences to the community with respect to being out of compliance with the PM 2.5 EPA standards are significant.

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CHAIR OLSON asked if there have already been negative financial consequences.

SENATOR PASKVAN replied that is his understanding, and those will continue if there is no effort to come into compliance. "The federal government has all sorts of hammers that they can hit us with."

CHAIR OLSON questioned how a municipality could afford to give a tax credit when budgets are shrinking and costs are rising.

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NADINE WINTERS, Presiding Officer, Fairbanks North Star Borough, said it will be a difficult tradeoff, but in the long term it will be an economic development issue. The municipality is trying to get the tools to balance the needs of individual residents and businesses with the overall physical and economic health of the community.

CHAIR OLSON asked if she can confirm or deny that Fairbanks has lost a military brigade because on non-compliance with the particulate matter standard.

MS. WINTERS replied it's more a matter of not gaining a brigade than having lost one. When there was discussion about brigade placement, Fort Wainwright scored high on all categories but air quality. "It's my understanding that that impacted that." Several years ago Eielson Air Force Base came close to being closed under BRAC (base realignment and closure). It is a concern that if Fairbanks is a community of non-attainment that will impact the stability of both bases. They are a huge economic impact to the community.

SENATOR THOMAS asked about the language in lines 9 and 10. He assumes that granting the credit for more than one year allows flexibility and potentially less immediate impact on the borough.

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SENATOR PASKVAN agreed; the idea is to give discretion to the municipality, which is where the financial impact is felt.

SENATOR THOMAS referenced line 8 and asked if the municipality would develop a definition for improved air quality.

SENATOR PASKVAN said yes. The examples of how a municipality might define improvement include: 1) reducing fine particulate emissions, 2) weatherizing commercial buildings and homes to reduce fuel consumption and 3) converting to alternative energy sources to reduce carbon emissions. All three would improve air quality and hopefully bring Fairbanks within the EPA standards.

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CHAIR OLSON closed public testimony.

SENATOR THOMAS moved to report SB 93 from committee with individual recommendations and attached fiscal note. There being no objection, it was so ordered.

[3:43:27 PM](#)

CHAIR OLSON adjourned the Senate Community and Regional Affairs Standing Committee meeting at 3:43 pm.